

STATE REVOLVING FUND PROGRAMS
(COMPONENT UNITS OF THE STATE OF INDIANA)

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

June 30, 2002 and 2001

**STATE REVOLVING FUND PROGRAMS
(COMPONENT UNITS OF THE STATE OF INDIANA)**

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KATZ, SAPPER & MILLER, LLP

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

Independent Auditors' Report

State of Indiana
State Revolving Fund Programs

We have audited the accompanying combined financial statements of the State Revolving Fund Programs, component units of the State of Indiana, as of and for the years ended June 30, 2002 and 2001, as listed in the table of contents. These combined financial statements are the responsibility of the Programs' management. Our responsibility is to express an opinion on these combined financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the State Revolving Fund Programs at June 30, 2002 and 2001, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

As described in Note 1 to the combined financial statements, the Programs adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis-for State and Local Governments*, as of July 1, 2001. In implementing GASB Statement No. 34, the Programs adopted the accounting method for Enterprise Funds. The financial statements for the year ended June 30, 2001, have been restated to conform to the provisions of this Statement and accounting method.

The Management's Discussion and Analysis presented on pages 3-6 is not a required part of the basic combined financial statements, but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2002, on our consideration of the State Revolving Fund Programs' internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Katz, Sapper & Miller, LLP

KATZ, SAPPER & MILLER, LLP
Certified Public Accountants

Indianapolis, Indiana
October 2, 2002

**STATE REVOLVING FUND PROGRAMS
(COMPONENT UNITS OF THE STATE OF INDIANA)**

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the State Revolving Fund Wastewater and Drinking Water Programs (the Programs), we offer readers of the Programs' combined financial statements this narrative overview and analysis of the financial activities of the Programs for the fiscal year ended June 30, 2002. All amounts, unless otherwise indicated, are expressed in thousands of dollars and are approximate.

FINANCIAL HIGHLIGHTS

The assets of the Programs exceeded their liabilities at the close of the most recent fiscal year by \$573.8 million (net assets). All of these net assets are restricted for water pollution and drinking water projects and other program purposes.

Total assets increased from \$1.1 billion at June 30, 2001 to \$1.6 billion at June 30, 2002. This is an increase of approximately \$518 million or 46.5%. This increase occurred primarily in investments and loans receivable.

The Programs' bonds payable increased by \$406.4 million during the current fiscal year. This increase in debt is the result of the issuance of Series 2001A Bonds in the par amount of \$400 million.

The Programs' total net assets increased by \$99.5 million during the current fiscal year. Of this amount, \$92.3 million consists of capital contributions (grants converted to cash and deposited in the Programs) from EPA and \$7.2 million represents the current year's operating income.

OVERVIEW OF THE COMBINED FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Programs' basic combined financial statements. The Programs are component units of the State of Indiana and are maintained as an Enterprise Fund. Enterprise Funds are used to report any activities for which income fees are charged to external users for goods and services. In addition, Enterprise Funds must be used in situations where debt is backed solely by fees and charges. An Enterprise Fund is accounted for in a manner similar to a commercial enterprise on the accrual basis of accounting. The Programs' basic combined financial statements include combined statements of net assets, combined statements of revenues, expenses and changes in net assets, combined statements of cash flows, and the notes to the combined financial statements. The report also contains other supplementary information in addition to the basic combined financial statements themselves. All information included in this analysis is presented for the three most recent fiscal years to provide the opportunity for comparison between the years.

The *combined statements of net assets* present information on all of the Programs' assets and liabilities, with the difference between the two reported as net assets.

The *combined statements of revenues, expenses and changes in net assets* present information showing how the Programs' net assets changed during each year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

OVERVIEW OF THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

In contrast, the *combined statements of cash flows* are concerned solely with flows of cash and cash equivalents. Transactions are recorded when cash is received or exchanged, without concern of when the underlying event causing the transactions occurred.

These combined financial statements can be found on pages 7-9 of this report.

The *notes to the combined financial statements* provide additional information that is essential to a full understanding of the data provided in the combined financial statements. The notes to the combined financial statements can be found on pages 10-29 of this report.

In addition to the basic combined financial statements and accompanying notes, this report also presents combining schedules, on pages 31-33. These combining schedules are not a required part of the basic combined financial statements, but they provide detailed financial statements for each individual program. The combining schedules are included to provide other useful information for the readers of the basic combined financial statements.

FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the Programs, assets exceeded liabilities by \$573.8 million at the close of the most recent fiscal year.

State Revolving Fund Programs' Net Assets (In Thousands of Dollars)

	2002	June 30, 2001	2000
Current assets	\$ 180,914	\$ 115,089	\$ 79,860
Noncurrent assets	1,449,437	997,672	789,567
Total Assets	<u>1,630,351</u>	<u>1,112,761</u>	<u>869,427</u>
Current liabilities	46,013	42,463	21,584
Long-term liabilities outstanding	1,010,561	595,988	522,932
Total Liabilities	<u>1,056,574</u>	<u>638,451</u>	<u>544,516</u>
Net Assets			
Restricted	<u>573,777</u>	<u>474,310</u>	<u>324,911</u>
Total Net Assets	<u>\$ 573,777</u>	<u>\$ 474,310</u>	<u>\$ 324,911</u>

Investments have continued to increase over the years as the Programs continue to mature and manage new and existing projects, receive new grants, and convert new and existing grants to cash. As of June 30, 2002, all existing capitalization grants allocated to loan related purposes had been converted to cash and deposited in the Programs. As new and existing projects are undertaken and completed, additional bonds are issued in order to fund the projects. Therefore, long-term liabilities have also increased.

FINANCIAL ANALYSIS (CONTINUED)

State Revolving Fund Programs' Changes in Net Assets (In Thousands of Dollars)

	Years Ended June 30,		
	2002	2001	2000
Operating Revenues			
Interest-investments	\$ 39,171	\$ 31,600	\$ 24,956
Interest-loans receivable	16,101	10,112	6,118
Other	2,218	587	1,506
Total Revenues	<u>57,490</u>	<u>42,299</u>	<u>32,580</u>
Operating Expenses			
Interest	47,704	31,849	23,627
Amortization of deferred charges	755	578	433
Administrative-IDEM	661	326	613
Trustee Fees	660	265	119
Professional Fees	570	607	403
Total Expenses	<u>50,350</u>	<u>33,625</u>	<u>25,195</u>
Operating Income	7,140	8,674	7,385
Capital Contributions (EPA Grants)	<u>92,327</u>	<u>140,725</u>	<u>102,840</u>
Increase in Net Assets	99,467	149,399	110,225
Net Assets			
Beginning of Year-Restated	<u>474,310</u>	<u>324,911</u>	<u>214,686</u>
End of Year	<u>\$ 573,777</u>	<u>\$ 474,310</u>	<u>\$ 324,911</u>

The Programs' net assets increased by \$99.5 million during the current fiscal year. Key elements of this increase are as follows:

The Programs received \$92.3 million in capital contributions (grants converted to cash) from EPA on qualified wastewater and drinking water projects and other program purposes. The current years operating income was approximately \$7.2 million.

Total revenue increased by \$15.2 million. Interest income is received on loans receivable and investment of bond proceeds as well as other investments and represented \$13.6 million of the increase in revenue. Operating grants increased by \$1.6 million.

Total expenses increased by \$16.7 million. Interest expense on bonds payable totaled \$15.9 million of the increases. The remainder of the operating expenses consist of amortization on bond related cost of issuance, administrative expenses, trustee fees and professional fees and represented \$.8 million increase in expenses.

DEBT ADMINISTRATION

Long-term Debt: At the end of the current fiscal year, the Programs had revenue bonds payable net of premium/discount of \$1.027 billion. The entire revenue bonds payable amount represents bonds secured solely by specified revenue sources.

State Revolving Fund Programs' Outstanding Debt (In Thousands of Dollars)

	Years Ended June 30,		
	2002	2001	2000
Guarantee revenue bonds payable	\$ 915,656	\$ 536,785	\$ 462,035
State match revenue bonds payable	111,268	96,419	77,630

The Programs' total revenue bonds payable increased by \$406.4 million during the current fiscal year. The increase was the result of the issuance of the Series 2001A Bonds.

Additional information on the Programs' long-term debt can be found in Note 7 to the combined financial statements on pages 24-28 of this report.

REQUESTS OF INFORMATION

This financial report is designed to provide a general overview of the Programs' finances for all those with an interest in the Programs' finances. Questions concerning any of the information should be addressed to the State Revolving Fund Wastewater and Drinking Water Programs, ISTA Center, 150 West Market Street, Suite 110, Indianapolis, IN 46204.

STATE REVOLVING FUND PROGRAMS
(COMPONENT UNITS OF THE STATE OF INDIANA)

COMBINED STATEMENTS OF NET ASSETS
June 30, 2002 and 2001

	2002	2001
ASSETS		
Current Assets:		
Cash and equivalents-Notes 1 and 2	\$ 131,775,239	\$ 73,918,816
Interest receivable-Note 3	22,091,991	18,897,311
Loans receivable-Note 4	27,046,552	22,273,312
Total Current Assets	<u>180,913,782</u>	<u>115,089,439</u>
Noncurrent Assets:		
Investments-Note 2	817,945,525	546,417,132
Loans receivable-Note 4	620,959,886	443,034,378
Deferred charges, net-Note 5	10,532,300	8,220,181
Total Noncurrent Assets	<u>1,449,437,711</u>	<u>997,671,691</u>
Total Assets	<u>1,630,351,493</u>	<u>1,112,761,130</u>
LIABILITIES		
Current Liabilities:		
Interest payable	27,131,733	15,356,967
Accounts payable	201,628	477,341
Amount due federal government-current-Note 6	550,107	433,681
Bonds payable-current-Note 7	18,130,000	26,195,000
Total Current Liabilities	<u>46,013,468</u>	<u>42,462,989</u>
Noncurrent Liabilities:		
Amount due federal government-Note 6	1,766,262	1,618,964
Bonds payable-Note 7	1,008,794,862	594,369,472
Total Noncurrent Liabilities	<u>1,010,561,124</u>	<u>595,988,436</u>
Total Liabilities	<u>1,056,574,592</u>	<u>638,451,425</u>
NET ASSETS		
Restricted for water pollution and drinking water projects and other program purposes	<u>\$ 573,776,901</u>	<u>\$ 474,309,705</u>

See Accompanying Notes to Combined Financial Statements.

STATE REVOLVING FUND PROGRAMS
(COMPONENT UNITS OF THE STATE OF INDIANA)

COMBINED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Years Ended June 30, 2002 and 2001

	2002	2001
OPERATING REVENUE		
Interest income-investments	\$ 39,170,650	\$ 31,600,385
Interest income-qualified entities	16,100,923	10,111,738
Other-Note 10	2,218,071	586,648
Total Operating Revenue	<u>57,489,644</u>	<u>42,298,771</u>
OPERATING EXPENSES		
Interest	47,703,886	31,848,753
Amortization of deferred charges	755,393	578,559
Administrative-IDEM	660,644	325,524
Trustee fees	659,972	265,036
Other operating expenses	569,535	607,449
Total Operating Expenses	<u>50,349,430</u>	<u>33,625,321</u>
OPERATING INCOME	7,140,214	8,673,450
CAPITAL CONTRIBUTIONS-Note 1	<u>92,326,982</u>	<u>140,725,295</u>
INCREASE IN NET ASSETS	99,467,196	149,398,745
NET ASSETS		
Beginning of Year-Restated-Note 11	<u>474,309,705</u>	<u>324,910,960</u>
End of Year	<u>\$ 573,776,901</u>	<u>\$ 474,309,705</u>

See Accompanying Notes to Combined Financial Statements.

**STATE REVOLVING FUND PROGRAMS
(COMPONENT UNITS OF THE STATE OF INDIANA)**

**COMBINED STATEMENTS OF CASH FLOWS
Years Ended June 31, 2002 and 2001**

	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash payments for salaries, administrative and other expenses	\$ (2,165,864)	\$ (1,402,603)
Other operating income	2,218,071	586,648
Net Cash Provided (Used) by Operating Activities	<u>52,207</u>	<u>(815,955)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Maturities of loans to qualified entities	22,273,312	22,251,067
Issuance of loans to qualified entities	(204,972,058)	(178,692,294)
(Increase) in investments	(271,528,393)	(64,269,777)
Interest received on loans and investments	52,076,893	39,132,580
Net Cash (Used) by Investing Activities	<u>(402,150,246)</u>	<u>(181,578,424)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Proceeds from debt issuance	419,924,374	99,436,372
Principal payments to reduce indebtedness	(13,563,984)	(10,135,000)
Payment of bond issue costs	(2,312,119)	(3,263,894)
Increase in amount due to federal government	263,723	1,751,692
Interest paid on bonds and note payable	(36,684,514)	(27,937,673)
Net Cash Provided by Non-Capital Financing Activities	<u>367,627,480</u>	<u>59,851,497</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Capital contributions (EPA grants)	92,326,982	140,725,295
Net Cash Provided by Capital Financing Activities	<u>92,326,982</u>	<u>140,725,295</u>
NET INCREASE IN CASH AND EQUIVALENTS	57,856,423	18,182,413
CASH AND EQUIVALENTS		
Beginning of Year	<u>73,918,816</u>	<u>55,736,403</u>
End of Year	\$ 131,775,239	\$ 73,918,816
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income	\$ 7,140,214	\$ 8,673,450
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Interest income	(55,271,573)	(41,712,123)
Interest expense	47,703,886	31,848,753
Amortization of deferred charges	755,393	578,559
Changes in assets and liabilities:		
Accounts payable	<u>(275,713)</u>	<u>(204,594)</u>
Net Cash Provided (Used) by Operating Activities	\$ 52,207	\$ (815,955)

See Accompanying Notes to Combined Financial Statements.

**STATE REVOLVING FUND PROGRAMS
(COMPONENT UNITS OF THE STATE OF INDIANA)**

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Wastewater State Revolving Fund Program (WSRF) and the Drinking Water State Revolving Fund Program (DWSRF), collectively known as the State Revolving Fund Programs (the Programs) conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of significant policies:

Reporting Entity: The accompanying combined financial statements report only on the financial activities associated with the Programs which are component units of the State of Indiana. The combined financial statements do not represent a comprehensive annual financial report of the State of Indiana.

Principles of Combination: The combined financial statements of the State Revolving Fund Programs include the accounts of the Wastewater State Revolving Fund Program and the Drinking Water State Revolving Fund Program. All significant intercompany accounts and transactions have been eliminated.

Basis of Presentation and Accounting: The State Revolving Fund Programs are accounted for as Enterprise Funds. An Enterprise Fund is used to account for an operation where periodic determination of revenues earned, expenses incurred, and net income on an accrual basis is appropriate (accrual method). Accordingly, the State Revolving Fund Programs recognize revenues in the period earned and expenses in the period incurred.

The Programs follow the accounting rules promulgated by the Governmental Accounting Standards Board (GASB). Additionally, the Programs follow all Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB) issued on or before November 30, 1989, unless pronouncements conflict with or contradict GASB Statements.

The Programs have adopted GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis - For State and Local Governments*, for the year ended June 30, 2002. GASB Statement No. 34 requires the Programs to make several changes to the presentation of their basic combined financial statements in addition to the section for Management's Discussion and Analysis as required supplementary information to precede the combined financial statements. The Programs were accounted for as governmental funds in prior years. With the implementing of GASB 34, the Programs adopted the accounting method for Enterprise Funds. The effect on net assets as a result of adopting GASB Statement 34 was an increase in net assets of \$12,804,332 as of June 30, 2000 (see Note 11). The June 30, 2001 combined financial statements have been restated to conform to the provisions of this Statement.

The Wastewater State Revolving Fund Program and Drinking Water State Revolving Fund Program: The federal Water Quality Act of 1987 as amended in 1996, authorized the United States Environmental Protection Agency (EPA) to award capitalization grants to states for public drinking water system programs and water pollution control revolving fund programs. Pursuant to Indiana Code 13-18-13 (WSRF Act), the State of Indiana (State) established a water pollution control revolving fund program to provide financial assistance, essentially, to make loans, to political subdivisions for eligible projects. A variety of political subdivisions and other eligible borrowers may receive loans from the WSRF Program, including municipal sewage works, sanitary districts, regional sewer districts and conservancy districts. Pursuant to Indiana Code 13-18-21 (DWSRF Act), the State has established a public drinking water system program to provide financial assistance for eligible projects. Eligible projects include providing for administrative expenses, source water assessment and technical assistance for small systems and making loans to fund projects relating to public water systems.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The State has capitalized its WSRF and DWSRF Programs with payments made under capitalization grants and with required state matching funds. Payments under and the use of capitalization grants are subject to federal law and regulated by the federal government, acting through the EPA.

Under the WSRF and DWSRF Acts, the State's Department of Environmental Management (Department) and the Budget Agency (Budget Agency) have responsibility for the administration and management of the WSRF and DWSRF Programs. The State entered into Trust Indentures with Bank One Trust Company, N.A. to establish a series of separate funds and accounts for operation of the Programs. The indentures create state revolving funds (the Funds) and govern the use of certain bond proceeds and capitalization grants under the Water Quality Act and the DWSRF Act. The Programs are being operated initially as leveraged programs, whereby the earnings on certain moneys deposited in the Funds, including payments on loans made from the Funds, are applied to pay debt service on bonds issued to finance the Programs.

Under the Water Quality Act and the Safe Drinking Water Act, capitalization grants are made available to states to capitalize water pollution control and drinking water revolving funds. Capitalization results from a three step process. First, the EPA must award a capitalization grant to a state. Awards are evidenced by a grant agreement between the EPA and the state. Second, "payments" under a capitalization grant are made to the grantee state to make moneys available for deposit in its revolving fund. Payments, which represent certain rights to receive cash, are based on a schedule set out in the grant agreement or as otherwise agreed to by the EPA and the grantee state. Third, in state revolving fund programs, such as the WSRF and DWSRF programs, payments may be converted to cash and deposited in the revolving funds, among other ways, by making loans to qualified participants as they incur construction and related costs on eligible projects.

The capitalization grants are deposited into the reserve accounts to provide coverage for the Revenue Bonds. In addition, interest earned on the investment of program funds is used to help meet the debt service obligations. States are required to provide an additional 20 percent of the federal capitalization grant as matching funds in order to receive a grant. These matching funds have been provided through the issuance of revenue bonds payable and from the earnings on the funds. Federal contributions are funded and recognized as capital contributions when amounts are received. The State may use amounts of up to 4 percent of the federal capitalization grant to pay salaries and administrative costs incurred.

The Indiana Bond Bank (Bond Bank) on behalf of the Programs has issued Series 1993A, 1994A, 1995A, 1997A, 1998A, 2000A, 2000B, and 2001A Bonds which are summarized in Note 7. Each bond series supports separate qualified entity projects through loans as summarized in Note 4.

In 1998, the State expanded the State Revolving Fund Program to include the Drinking Water Program and the proceeds of the Series 1998A, 2000A, 2000B, and 2001A Bonds were allocated to the Drinking Water Program as well as the WSRF Program. The proceeds were allocated by the Program Representative based on the current and projected loan demand of qualified entities and on the timing of the State Matches for each Program.

Restricted Net Assets are for the construction of water pollution control and drinking water projects and other program purposes.

Cash and Cash Equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates: Management uses estimates and assumptions in preparing these financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

NOTE 2 - CASH AND INVESTMENTS

All cash and investments are held by, or in the name of, Bank One Trust Company, N.A., as trustee, under certain indentures of trusts (the Trust Indentures) pertaining to the Programs and the bonds issued in connection with the Programs. Investments held at June 30, 2002 and 2001 are shown at fair value with collateral held by the trustee pursuant to the Trust Indentures.

Investments are categorized into these three categories of credit risk:

Insured or registered, or securities held by the government or its agent in the government's name.

Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the government's name.

Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the government's name.

At June 30, the Program's cash and investment balances were as follows:

2002	Wastewater			Drinking Water			2002	Total
	Category 2	Not Categorized	Total	Category 2	Not Categorized	Total		
Money market funds	\$112,575,485		\$112,575,485	\$19,199,754		\$ 19,199,754	\$131,775,239	
Guaranteed investment contracts		\$692,642,188	692,642,188		\$124,648,337	124,648,337	817,290,525	
Government obligations	655,000		655,000				655,000	
	<u>\$113,230,485</u>	<u>\$692,642,188</u>	<u>\$805,872,673</u>	<u>\$19,199,754</u>	<u>\$124,648,337</u>	<u>\$143,848,091</u>	<u>\$949,720,764</u>	

2001	Wastewater			Drinking Water			2002	Total
	Category 2	Not Categorized	Total	Category 2	Not Categorized	Total		
Money market funds	\$ 58,171,821		\$ 58,171,821	\$15,746,995		\$ 15,746,995	\$ 73,918,816	
Guaranteed investment contracts		\$461,921,206	461,921,206		\$ 83,840,926	83,840,926	545,762,132	
Government obligations	655,000		655,000				655,000	
	<u>\$ 58,826,821</u>	<u>\$461,921,206</u>	<u>\$520,748,027</u>	<u>\$15,746,995</u>	<u>\$ 83,840,926</u>	<u>\$ 99,587,921</u>	<u>\$620,335,948</u>	

NOTE 3 - INTEREST RECEIVABLE

Interest receivable consists of accrued interest on investments and loans to qualified entities as follows:

Interest receivable at June 30, 2002:

	Wastewater			Drinking Water			2002 Total
	Investments	Loans	Total	Investments	Loans	Total	
1993A	\$ 2,013,392	\$ 790,225	\$ 2,803,617				\$ 2,803,617
1994A	1,418,404	584,141	2,002,545				2,002,545
1995A	2,014,325	877,279	2,891,604				2,891,604
1997A	1,668,066	806,384	2,474,450				2,474,450
1998A	735,858	1,650,730	2,386,588	\$ 818,091	\$417,235	\$1,235,326	3,621,914
2000A	2,523,106	1,240,682	3,763,788	442,874	68,297	511,171	4,274,959
2000B	1,200,535	520,240	1,720,775	306,956	116,319	423,275	2,144,050
2001A	1,494,229	32,932	1,527,161	340,971	10,720	351,691	1,878,852
	<u>\$13,067,915</u>	<u>\$6,502,613</u>	<u>\$19,570,528</u>	<u>\$1,908,892</u>	<u>\$612,571</u>	<u>\$2,521,463</u>	<u>\$22,091,991</u>

Interest receivable at June 30, 2001:

	Wastewater			Drinking Water			2001 Total
	Investments	Loans	Total	Investments	Loans	Total	
1993A	\$ 1,826,738	\$ 849,528	\$ 2,676,266				\$ 2,676,266
1994A	1,374,866	616,256	1,991,122				1,991,122
1995A	2,036,443	906,630	2,943,073				2,943,073
1997A	1,677,132	792,166	2,469,298				2,469,298
1998A	794,292	1,211,442	2,005,734	\$ 782,727	\$203,497	\$ 986,224	2,991,958
1999				20,631		20,631	20,631
2000A	2,719,446	182,914	2,902,360	472,616	4,751	477,367	3,379,727
2000S2				18,599		18,599	18,599
2000B	1,848,821	25,733	1,874,554	524,268	7,815	532,083	2,406,637
	<u>\$12,277,738</u>	<u>\$4,584,669</u>	<u>\$16,862,407</u>	<u>\$1,818,841</u>	<u>\$216,063</u>	<u>\$2,034,904</u>	<u>\$18,897,311</u>

NOTE 4 - LOANS RECEIVABLE

The net proceeds from the issuance of the Guarantee Revenue Bonds were deposited in the Purchase Account and are used primarily to fund loans to qualified entities for eligible projects by purchasing their qualified obligations. The State's current intended use plans includes a list of publicly-owned wastewater treatment works, a list of drinking water systems, and other projects proposed by eligible participants, which the State anticipates will be eligible for financial assistance.

NOTE 4 - LOANS RECEIVABLE (CONTINUED)

The loans receivable balances at June 30, 2002 and 2001 include actual advances for construction and related costs on eligible projects of qualified entities as follows:

Name of Qualified Entity	Outstanding Construction Advances as of June 30, 2002	Outstanding Construction Advances as of June 30, 2001	Actual Loan Amounts Made Available (closed loans) as of June 30, 2002
Wastewater Fund			
Direct Loan:			
Town of Wanatah	\$ 1,328,000	\$ 1,441,000	\$ 1,328,000
1993A Bonds:			
Town of Dyer	3,281,190	3,358,190	3,660,000
Dyer Sanitary District	3,150,000	3,375,000	3,150,000
City of Evansville	1,407,000	1,497,000	1,407,000
City of Franklin	2,193,000	2,203,000	2,193,000
Gary Sanitary District	9,970,227	10,681,227	9,970,227
City of Goshen	6,410,000	6,820,000	6,410,000
Hammond Sanitary District	14,685,000	16,020,000	14,685,000
Lake George Regional Sewer District	4,192,999	4,430,999	4,192,999
Lake of the Woods Regional Sewer District	1,972,999	2,116,999	1,972,999
City of Kokomo	376,470	376,785	376,470
City of West Lafayette	6,297,061	6,625,383	6,297,061
Total 1993A Bonds	<u>53,935,946</u>	<u>57,504,583</u>	<u>54,314,756</u>
1994A Bonds:			
City of Auburn	2,954,172	2,963,326	2,954,172
City of Crown Point	8,475,000	8,940,000	8,475,000
Town of Farmersburg	1,250,000	1,325,000	1,250,000
Town of Farmland	479,364	509,365	479,364
City of Franklin	680,123	700,123	680,123
City of Franklin	5,935,000	6,270,000	5,935,000
City of Kokomo	416,751	417,098	416,751
Town of Kouts	1,215,000	1,285,000	1,215,000
Town of LaCrosse	1,751,000	1,858,000	1,751,000
Town of Medaryville	500,000	530,000	500,000
New Paris Conservancy District	1,385,000	1,470,000	1,385,000
New Paris Conservancy District	2,265,000	2,415,000	2,265,000
Town of Parker City	523,500	556,000	523,500
Town of Riley	262,000	281,000	262,000
St. Joe/Spencerville Regional Sewer District	1,192,998	1,272,998	1,192,998
City of West Lafayette	9,717,939	10,224,617	9,717,939
Total 1994A Bonds	<u>39,002,847</u>	<u>41,017,527</u>	<u>39,002,847</u>

NOTE 4 - LOANS RECEIVABLE (CONTINUED)

Name of Qualified Entity	Outstanding Construction Advances as of June 30, 2002	Outstanding Construction Advances as of June 30, 2001	Actual Loan Amounts Made Available (closed loans) as of June 30, 2002
Wastewater Fund (Continued)			
1995A Bonds:			
Town of Ashley	\$ 691,000	\$ 700,000	\$ 691,000
City of Attica	1,222,434	1,287,433	1,255,000
Auburn EDIT Corporation	3,275,000	3,330,000	3,275,000
City of Auburn	3,475,828	3,486,674	3,475,828
Bass Lake Conservancy District	7,032,648	7,416,648	7,032,648
Town of Cayuga	971,677	995,641	971,677
East Chicago Sanitary District	11,324,595	11,834,595	11,330,000
Town of Ellettsville	8,029,373	8,394,373	8,035,000
Hammond Sanitary District	2,454,395	2,557,840	2,500,000
City of Kokomo	205,538	205,710	205,538
Town of Kouts	441,194	466,194	441,194
Town of New Whiteland	2,505,918	2,610,918	2,565,000
City of Portage	9,134,999	9,334,999	9,134,999
Town of Swayzee	1,048,288	1,098,288	1,048,288
Turkey Creek Regional Sewer District	3,066,022	3,141,022	3,210,000
Town of Zanesville	1,545,000	1,635,000	1,545,000
Total 1995A Bonds	<u>56,423,909</u>	<u>58,495,335</u>	<u>56,716,172</u>
1997A Bonds:			
Town of Arcadia	921,243	941,243	970,000
Blue Lake Conservancy District	1,536,382	1,852,000	1,536,382
Town of Borden	327,690	296,755	855,000
Town of Brooklyn	903,002	550,620	1,542,000
Town of Cayuga	3,893,322	3,989,358	3,893,322
Town of Cicero	1,311,720	1,341,720	1,420,000
Town of Clay City	237,016	247,016	237,016
Town of Clayton	634,322	631,925	660,000
City of Dunkirk	1,352,013	1,415,763	1,420,000
Town of Elberfeld	1,085,000	988,027	1,085,000
Town of Elizabethtown	246,626	250,126	247,000
City of Evansville	13,728,510	14,294,636	13,775,000
Town of Fortville	1,425,000	1,275,886	1,425,000
Gnaw Bone Regional Sewer District	16,242	676,000	16,242
Gnaw Bone Regional Sewer District		104,000	
Town of Greentown	845,000	822,841	845,000
City of Hartford City	2,660,000	2,780,000	2,660,000
Town of Jamestown	795,000	829,000	795,000
City of Kokomo	1,182,012	1,183,000	1,182,012
LaGrange County Regional Sewer District	1,620,000	1,781,403	1,620,000
City of Logansport	1,198,270	1,263,270	1,335,000
Town of McCordsville	840,000	870,000	840,000
Town of Middlebury	3,353,000	3,465,000	3,353,000
City of Mishawaka	429,000	454,000	429,000
Town of Monrovia	1,625,000	1,625,000	1,625,000
City of Monticello	4,284,007	4,459,007	4,415,000
Town of Mulberry	458,713	459,674	491,000
Town of Newburgh	1,435,000	1,440,000	1,435,000
Town of Newburgh	925,000	960,000	925,000

NOTE 4 - LOANS RECEIVABLE (CONTINUED)

Name of Qualified Entity	Outstanding Construction Advances as of June 30, 2002	Outstanding Construction Advances as of June 30, 2001	Actual Loan Amounts Made Available (closed loans) as of June 30, 2002
Wastewater Fund (Continued)			
1997A Bonds:			
Town of Otterbein	\$ 1,335,000	\$ 1,390,000	\$ 1,335,000
Town of Otterbein	192,183	184,317	265,000
Pine Lake Conservancy District	790,000	825,000	790,000
Town of Princess Lakes	7,235,075	7,305,295	7,334,569
Town of Riley	1,301,600	1,361,600	1,301,600
Town of Roachdale	579,000	577,290	579,000
Town of Spencer	1,662,499	1,742,499	1,737,000
Town of Waterloo	1,472,793	1,487,793	1,530,000
Total 1997A Bonds	<u>63,836,240</u>	<u>66,121,064</u>	<u>65,904,143</u>
1998A Bonds:			
City of Batesville	3,306,867	3,422,076	3,306,867
City of Bedford	1,116,667	1,176,668	1,116,667
City of Bedford	530,000	556,138	530,000
City of Bloomington	129,017	129,056	129,017
Town of Brownsburg	3,270,666	3,385,641	3,270,666
Town of Chandler	4,842,621	4,935,105	4,842,621
City of Crawfordsville	4,934,230	5,110,389	4,940,000
Delaware County Regional Sewer District	492,529	492,529	492,529
Fall Creek Regional Waste District		2,880,630	
Town of Flora	2,597,000	2,755,000	2,597,000
Hammond Sanitary District	118,420	123,476	118,420
Town of Haubstadt	223,565	229,885	223,565
Indianapolis Sanitary District	3,960,782	4,129,655	3,960,782
City of Jeffersonville	133,322	138,173	133,322
Town of Linden	850,000	510,541	850,000
City of Marion	3,907,143	4,084,125	3,907,143
Town of Newburgh	6,470,000	6,685,000	6,470,000
Town of Ossian	1,763,000	1,604,875	1,763,000
Peru Municipal Facilities Corp.	2,083,395	1,734,472	2,240,000
City of Richmond Sanitary District	2,613,117	2,783,097	3,774,296
City of South Bend	8,127,317	8,493,917	8,127,317
Town of Speedway	613,139	619,062	613,139
City of West Lafayette	2,089,978	2,172,893	2,089,978
Town of Wolcottville	2,713,608	2,829,608	3,162,000
Total 1998A Bonds	<u>56,886,383</u>	<u>60,982,011</u>	<u>58,658,329</u>
2000A Bonds:			
City of Angola	1,326,882	1,330,110	1,326,882
Town of Avilla	2,335,815	2,377,785	2,347,000
City of Batesville	4,443,133	4,597,924	4,443,133
City of Bedford	3,597,491	3,510,073	3,628,334
City of Bloomington	67,677	823,894	67,677
City of Bloomington	823,647	1,393,067	823,647
City of Bloomington	1,392,893	70,310	1,392,893
City of Boonville	4,961,245		4,961,245
City of Boonville	240,000	573,258	240,000
Brookville Lake Regional Water District	244,091	244,091	244,091

NOTE 4 - LOANS RECEIVABLE (CONTINUED)

Name of Qualified Entity	Outstanding Construction Advances as of June 30, 2002	Outstanding Construction Advances as of June 30, 2001	Actual Loan Amounts Made Available (closed loans) as of June 30, 2002
Wastewater Fund (Continued)			
2000A Bonds:			
Town of Brownsburg	\$ 2,479,127	\$ 2,566,292	\$ 2,479,127
Town of Brownstown	266,901	268,977	266,901
Town of Cedar Lake	297,905	305,075	297,905
Town of Chandler	2,567,379	2,614,895	2,567,379
Town of Clinton	191,643	202,186	191,643
Town of Culver	37,350	45,350	619,000
Delaware County Regional Sewer District	1,487,403	1,487,403	1,487,403
Town of DeMotte	105,917	105,917	105,917
Fall Creek Regional Water District	6,475,000		6,475,000
Fall Creek Regional Water District		3,769,370	
Town of Fortville	706,971	705,886	723,000
City of Franklin	673,499	673,499	673,499
Gary Sanitary District	71,416	71,416	71,416
City of Greencastle	3,670,815	3,670,815	3,670,815
City of Greensburg	588,162	592,140	588,162
Hammond Sanitary District	483,538	509,330	483,538
Town of Haubstadt	2,842,378	2,922,668	2,842,378
City of Huntingburg	260,343	260,343	260,343
Indianapolis Sanitary District	9,959,205	10,396,139	9,959,205
Indianapolis Sanitary District	3,571,070	3,701,927	3,571,070
City of Jeffersonville	1,670,921	1,731,657	1,670,921
City of Kokomo	5,918,176	5,089,760	5,918,176
City of Lafayette	6,611,667	6,611,667	6,611,667
Lake County	538,099	68,958	538,099
Lamar Conservancy District	16,681	20,681	106,000
City of LaPorte	187,122	187,220	187,122
Town of Leavenworth	110,137	117,837	110,137
Town of Lowell	2,199,000	2,200,000	2,199,000
Town of Lowell	764,479	745,075	764,479
City of Marion	1,368,945	1,433,113	1,416,927
Muncie Sanitary District	5,266,002	5,266,002	5,266,002
City of New Castle	1,280,107	1,280,107	1,280,107
Town of New Palestine	723,000	261,601	723,000
Patoka Lake Regional Sewer District	330,874	330,874	330,874
City of Peru	966,092	966,092	966,092
City of Petersburg	433,181	129,171	1,024,000
Richmond Sanitary District	68,766	71,450	68,766
City of Rockport	271,362	271,362	271,362
Town of Rockville	1,763,091	1,664,784	1,924,000
Town of Santa Claus	1,280,460	1,280,460	1,280,460
Town of Shipshewana	89,250	59,000	1,000,000
City of South Bend	9,710,125	10,148,173	9,710,125
Town of Speedway	4,339,019	4,380,938	4,339,019
Town of Speedway	577,236	558,485	577,236
Town of Speedway	1,529,252	915,631	1,529,675
Town of Trafalgar	372,200	500,000	372,200
City of Valparaiso	1,477,449	1,491,429	1,477,449

NOTE 4 - LOANS RECEIVABLE (CONTINUED)

Name of Qualified Entity	Outstanding Construction Advances as of June 30, 2002	Outstanding Construction Advances as of June 30, 2001	Actual Loan Amounts Made Available (closed loans) as of June 30, 2002
Wastewater Fund (Continued)			
2000A Bonds:			
Van Bibber Lake Conservancy District	\$ 800,000	\$ 103,148	\$ 800,000
Town of Waynetown	100,054	103,127	100,054
City of West Lafayette	2,538,429	2,639,159	2,538,429
Town of Whiteland	198,824	205,684	198,824
Town of Windfall	295,000	109,558	295,000
Total 2000A Bonds	<u>109,963,896</u>	<u>100,732,343</u>	<u>112,403,805</u>
2000B Bonds:			
City of Angola	1,399,049	750,467	1,399,049
Town of Argos	123,357	117,573	123,357
City of Batesville	2,515,000	2,473,690	2,515,000
Town of Bloomfield	184,104	179,936	184,104
City of Bloomington	568,196	52,356	568,196
City of Bloomington	6,386,580	1,498,110	6,386,580
City of Bloomington	1,067,702		1,067,702
City of Boonville	80,976	80,976	80,976
Brookville Lake Regional Water District	1,835,586	497,483	1,835,586
Town of Brownsburg	22,015	22,780	22,015
Town of Brownstown	811,598	42,958	811,598
Town of Cedar Lake	370,783	30,936	370,783
Town of Chesterton	430,937	430,937	430,937
Columbus	54,981		54,981
Delaware County Regional Sewer District	442,947	442,947	442,947
Town of DeMotte	6,782		6,782
Town of Elberfeld	567,493	139,259	567,493
City of Franklin	1,697,523	807,860	1,697,523
Gary Sanitary District	1,927,519	582,674	1,927,519
City of Greencastle	5,841,940	1,477,407	5,841,940
City of Greensburg	1,718,581	778,617	1,718,581
Hamilton Lakes Regional Water District	58,244	58,244	58,244
Hammond Sanitary District	104,612	120,835	104,612
Hammond Sanitary District	2,161,336	104,612	2,161,336
Hammond Sanitary District	245,223		245,223
Town of Haubstadt	141,066	6,055	141,066
City of Huntingburg	1,420	710	1,420
City of Huntington	1,700,046	64,863	1,700,046
Indianapolis Sanitary District	1,351,894	1,044,798	1,351,894
Indianapolis Sanitary District	1,852,900	620,841	1,852,900
Indianapolis Sanitary District	248,316		248,316
City of Jasper	320,030	187,497	320,030
City of Jeffersonville	363,653	278,325	363,653
City of Kokomo	470,039		470,039
City of Kokomo	1,626,724	234,054	1,626,724
City of Lafayette	723,715	1,985,356	723,715
City of Lafayette	10,201,355	695,704	10,201,355
Lake Dalecarlia Regional Water District	463,929	61,896	463,929
City of LaPorte	306,620	441,127	306,620

NOTE 4 - LOANS RECEIVABLE (CONTINUED)

Name of Qualified Entity	Outstanding Construction Advances as of June 30, 2002	Outstanding Construction Advances as of June 30, 2001	Actual Loan Amounts Made Available (closed loans) as of June 30, 2002
Wastewater Fund (Continued)			
2000B Bonds:			
City of LaPorte	\$ 1,499,167	\$ 298,047	\$ 1,499,167
Town of Leavenworth	66,009		66,009
Liberty Regional Water District	139,069	86,285	139,069
City of Logansport	82,003		82,003
City of Marion	(18,850)		(18,850)
City of Montpelier	139,175		139,175
City of Mount Vernon	140,959	127,853	140,959
Muncie Sanitary District	4,988,674	2,067,941	4,988,674
City of New Castle	579,756	84,114	579,756
Town of Newburgh	975,000	982,933	975,000
Town of Paragon	217,095	162,897	217,095
Patoka Lake Regional Sewer District	3,500		3,500
Peru Municipal Facilities Corp.	93,597	45,040	93,597
City of Rockport	50,196	22,856	50,196
City of Rockport	28,292		28,292
Town of Santa Claus	121,698	98,209	121,698
Town of Schererville	71,429	71,429	71,429
City of Seymour	1,021,018	660,478	1,021,018
City of South Bend	2,009,919	797,544	2,009,919
City of Tipton	345,648	54,895	345,648
City of Valparaiso	960,601		960,601
Town of Waynetown	397,561	9,270	397,561
City of West Lafayette	1,788,976	245,943	1,788,976
City of West Lafayette	389,739	889,201	389,739
Town of Whiteland	95,801	54,445	95,801
Total 2000B Bonds	<u>66,580,803</u>	<u>23,071,263</u>	<u>66,580,803</u>
2001A Bonds:			
City of Angola	710,152		1,384,069
Town of Argos	689,381		858,643
Arlington Regional Sewer District	149,475		160,000
Town of Bloomfield			2,480,896
City of Bloomington	630,516		1,808,140
City of Bloomington	218,947		219,528
City of Bloomington	2,883,522		3,270,622
City of Boonville	3,017,779		3,017,779
Brookville Lake Regional Water District	836,730		1,195,323
Town of Brownsburg	75,791		628,192
Town of Brownstown	2,776,504		2,776,504
Town of Cedar Lake	1,559,615		1,642,307
Town of Chesterton			4,069,063
Town of Clear Lake	703,482		3,520,000
City of Clinton	241,164		2,808,358
City of Columbus	286,281		345,019
Delaware County Regional Sewer District	376,742		4,357,121
Town of DeMotte	128,358		2,887,301
Town of Elberfeld	78,302		82,508
City of Fort Wayne	1,772,913		23,500,000
City of Franklin	77,527		628,978
Gary Sanitary District	3,014,734		23,401,065

NOTE 4 - LOANS RECEIVABLE (CONTINUED)

Name of Qualified Entity	Outstanding Construction Advances as of June 30, 2002	Outstanding Construction Advances as of June 30, 2001	Actual Loan Amounts Made Available (closed loans) as of June 30, 2002
Wastewater Fund (Continued)			
2001A Bonds:			
City of Greencastle	\$ 1,899,682		\$ 2,487,245
City of Greensburg	3,491,024		7,308,258
Hamilton Lakes Regional Water District	970,542		2,791,756
Hammond Sanitary District	182		9,395,388
Hammond Sanitary District	485,600		986,706
Hammond Sanitary District	102,326		10,254,777
City of Hartford City	222,323		880,000
Town of Haubstadt	(9,160)		332,991
City of Huntingburg	367,660		2,968,237
City of Huntington	761,591		1,208,954
Indianapolis Sanitary District	3,680,909		25,946,036
Indianapolis Sanitary District	2,170,201		5,453,023
Indianapolis Sanitary District	6,786,007		42,171,684
City of Jasper	424,456		689,970
City of Jeffersonville	1,023,821		1,103,189
City of Kokomo	1,192,898		8,199,961
City of Kokomo	2,234,331		2,234,331
City of Lafayette			11,276,285
City of Lafayette	18,989,817		42,816,978
Lake Dalecarlia Regional Water District	6,071		6,071
City of LaPorte	1,481,755		5,293,377
City of LaPorte	117,833		212,712
Town of Leavenworth	(97,691)		1,397,854
Liberty Regional Water District	90,928		1,960,931
City of Logansport	564,375		2,352,997
Mariah Hill Regional Sewer District	685,000		685,000
City of Montpelier	526,083		1,260,825
City of Mount Vernon	177,489		1,819,041
Muncie Sanitary District	2,840,047		5,245,324
City of New Castle	3,797,162		6,027,137
Town of Orestes	236,344		1,070,000
Town of Paragon	432,714		832,905
Patoka Lake Regional Sewer District			1,353,626
City of Peru	54,239		17,605,311
Richmond Sanitary District	(83,061)		2,126,189
City of Rockport	2,460,212		3,378,442
City of Rockport			171,708
Town of Santa Claus	664,832		900,000
Town of Santa Claus	31,250		625,000
Town of Santa Claus	1,697,842		1,697,842
Town of Schererville	64,000		1,928,571
City of Seymour	658,912		20,478,982
City of South Bend	317,680		3,207,639
City of Tipton	1,062,596		1,504,352
City of Valparaiso	7,467,016		13,411,950
Van Bibber Lake Conservancy District	139,320		375,000
City of Vincennes	2,418,822		27,600,000

NOTE 4 - LOANS RECEIVABLE (CONTINUED)

Name of Qualified Entity	Outstanding Construction Advances as of June 30, 2002	Outstanding Construction Advances as of June 30, 2001	Actual Loan Amounts Made Available (closed loans) as of June 30, 2002
Wastewater Fund (Continued)			
2001A Bonds:			
Town of Waynetown	\$ 260,552		\$ 642,386
City of West Lafayette	4,541,360		5,211,024
City of West Lafayette	(145,130)		3,801,854
Town of Whiteland	198,731		3,765,375
Town of Winona Lake	26,943		240,000
Total 2001A Bonds	<u>97,716,351</u>		<u>401,736,610</u>
Total Wastewater Fund	<u>545,674,375</u>	<u>409,365,126</u>	<u>856,645,465</u>
Drinking Water Fund			
1998A Bonds:			
City of Bedford	5,650,000	5,884,772	5,650,000
Town of Camden	373,739	380,739	373,739
Town of Cicero	570,000	572,295	570,000
Town of Dayton	1,856,081	1,929,278	1,856,081
Fairways Regional Water District	298,000	309,000	298,000
Town of Flora	1,215,213	1,303,213	1,278,000
Town of Grabill	458,315	465,315	581,000
Town of Liberty	1,078,645	1,173,645	1,355,000
City of Madison	4,046,215	4,294,787	4,046,215
Peru Municipal Facilities Corp.	2,179,578	2,260,186	2,179,578
Yankeetown Water Authority	729,689	696,555	750,000
Total 1998A Bonds	<u>18,455,475</u>	<u>19,269,785</u>	<u>18,937,613</u>
1999 Bonds:			
City of Jasper		<u>6,860,000</u>	
2000A Bonds:			
City of Bloomington	4,001,241	4,001,610	4,001,241
City of Cannelton	57,663	57,663	57,663
Town of Clay City	1,068,314	1,107,305	1,180,000
Town of Cromwell	293,000	300,000	293,000
City of Dunkirk	196,110	196,110	196,110
Town of Fremont	693,748	522,396	707,000
City of Gas City	74,347	74,610	74,347
Town of Gosport	48,517	48,517	48,517
Town of Grabill	77,749		77,749
City of Huntingburg	118,371	118,371	118,371
Indiana American Water Co.	407,109	420,725	482,000
City of Jasper	2,629,420	2,725,721	2,629,420
Town of Kouts	330,585	78,180	350,000
Town of Lewisville	442,000	234,331	442,000
City of Madison	441,155	468,272	441,155
City of Michigan City	653,446	653,446	653,446
City of Mishawaka	1,726,684	1,800,197	1,726,684
Town of Mount Summit	249,000	162,974	249,000
Town of North Manchester	1,163,186	1,155,996	1,438,478
Town of Oxford	114,911	123,167	114,911
Town of Patoka	58,848	58,848	58,848
City of Petersburg	1,390,277	1,139,017	1,465,000

NOTE 4 - LOANS RECEIVABLE (CONTINUED)

Name of Qualified Entity	Outstanding Construction Advances as of June 30, 2002	Actual Loan Outstanding Construction Advances as of June 30, 2001	Amounts Made Available (closed loans) as of June 30, 2002
Drinking Water Fund (Continued)			
2000A Bonds:			
City of Rockport	\$ 155,123	\$ 155,123	\$ 155,123
Town of Scottsburg	57,558	57,558	57,558
Town of Shipshewana	91,755	98,340	91,755
City of South Bend	2,544,000	2,228,742	2,544,000
Town of St. Joe	279,800	93,400	279,800
City of Tell City	48,931	50,383	48,931
Town of Van Buren	155,091	155,274	155,091
Town of Walkerton	288,771	314,356	288,771
Total 2000A Bonds	<u>19,856,710</u>	<u>18,600,632</u>	<u>20,425,969</u>
2000 Subordinate Issue:			
City of Jasper		<u>2,784,713</u>	
2000B Bonds:			
City of Bloomington	5,725,781	2,038,038	5,725,781
City of Cannelton	1,668		1,668
City of Dunkirk	897,771	614,269	897,771
City of Gas City	55,304	55,500	55,304
Town of Gosport	94,200	19,320	94,200
Town of Hebron	316,173	192,873	316,173
City of Huntingburg	183,408	36,348	183,408
Indiana American Water Co.	28,546	28,546	28,546
Town of Ingalls	307,545		307,545
City of Logansport	123,234		123,234
City of Madison	983,708	591,550	983,708
City of Michigan City	3,935,606	1,118,671	3,935,606
City of Mishawaka	8,840,071	1,383,569	8,840,071
City of Monticello	3,346,293	1,474,496	3,346,293
City of Mount Vernon	618,331	106,996	618,331
Town of New Market	91,111	77,320	91,111
Town of North Manchester	(7,315)		(7,315)
Town of Oxford	133,466	65,629	133,466
Town of Patoka	76,722		76,722
Peru Municipal Facilities Corp.	333,313		333,313
City of Rockport	191,876	47,137	191,876
City of Scottsburg	470,251	72,214	470,251
Town of Shipshewana	513,934	6,500	513,934
Town of Van Buren	181,079	4,995	181,079
Town of Walkerton	905,805	493,463	905,805
Total 200B Bonds	<u>28,347,881</u>	<u>8,427,434</u>	<u>28,347,881</u>
2001A Bonds:			
Arlington Regional Water District	164,775		190,000
City of Bloomington	1,121,978		1,121,978
Town of Cannelton	314,964		395,669
Town of Danville	238,211		2,116,000
City of Dunkirk	297,304		356,119
City of East Chicago	327,753		2,000,000
Town of Fowler	162,950		1,400,000
Town of Gas City	787,308		1,280,350
Town of Georgetown	640,789		1,600,000

NOTE 4 - LOANS RECEIVABLE (CONTINUED)

Name of Qualified Entity	Outstanding Construction Advances as of June 30, 2002	Outstanding Construction Advances as of June 30, 2001	Actual Loan Amounts Made Available (closed loans) as of June 30, 2002
Drinking Water Fund (Continued)			
2001A Bonds:			
Town of Gosport	\$ 282,367		\$ 827,283
Town of Hebron	171,307		2,558,827
City of Huntingburg	193,460		8,198,221
Indiana American Water Company	491,913		971,454
Town of Ingalls	298,660		2,092,455
City of Jasper	11,840,580		11,840,580
Town of Lewisville	12,680		55,000
City of Logansport	686,082		3,626,766
City of Madison	119,979		144,888
City of Michigan City	1,891,542		2,085,948
City of Mishawaka	8,646,715		12,558,246
City of Monticello	453,707		453,707
City of Mount Vernon	1,821,021		3,116,669
Town of New Market	350,840		858,889
Town of Oxford	38,111		425,000
Town of Oxford	191,762		586,629
Town of Patoka	559,809		791,152
Town of Patoka	366,393		463,278
Town of Perrysville	136,949		746,000
Peru Municipal Facilities Corp.	(3,766)		412,284
City of Rockport	833,772		1,453,001
Town of Royal Center	97,627		1,350,000
Town of Saint Joe	31,288		60,000
City of Scottsburg	602,336		1,692,191
Town of Shipshewana	160,075		439,311
City of Tell City	390,381		961,069
Town of Van Buren	415,753		512,830
Town of Walkerton	416,759		1,457,441
Town of Williamsport	117,863		1,365,000
Brown County Water Company			2,938,000
Total 2001A Bonds	<u>35,671,997</u>		<u>75,502,235</u>
Total Drinking Water Fund	<u>102,332,063</u>	<u>\$ 55,942,564</u>	<u>143,213,698</u>
Total All Bonds	<u>\$648,006,438</u>	<u>\$465,307,690</u>	<u>\$999,859,163</u>

These amounts represent projects that have been submitted, approved by the State, and the loan has been closed. Under the State's present debt management practices, additional bonds are issued as and when needed to fund actual draws under these committed loans. Loans receivable includes current portions of \$27,046,552 at June 30, 2002 and \$22,273,312 at June 30, 2001.

NOTE 5 - DEFERRED CHARGES

Deferred charges represent bond issuance costs as of June 30, 2002 and 2001. These costs are being amortized using the interest method over the life of the related bonds. Accumulated amortization was \$3,539,033 and \$2,783,640 at June 30, 2002 and 2001, respectively. The net unamortized deferred charges was \$10,532,300 and \$8,220,181 at June 30, 2002 and 2001, respectively.

NOTE 6 - ARBITRAGE REBATE AND YIELD REDUCTION PAYMENTS TO U.S. TREASURY

Each series of bonds issued by the Indiana Bond Bank in connection with the Programs were the subject of legal opinions as of the date of their issuance to the effect that interest on such bonds was excludable from gross income for purposes of federal income taxation pursuant to Section 103 of the Internal Revenue Code of 1986, as amended ("Code"). Under the Code, such exclusion is conditioned on continuing compliance with certain tax covenants including payment of certain earnings in excess of the bond yield to the U.S. Treasury as rebate or yield reduction payments. The estimated liabilities, which were calculated as of January 31, 2002, are recorded in the general long-term debt account group. With respect to such bonds, as of June 30, 2002, the Programs had the following liabilities:

	Rebate	Yield Reduction	Total	Due Date
Wastewater Fund				
1994A	\$ 48,138	\$ 201,597	\$ 249,735	March 31, 2004
1995A	84,178	216,615	300,793	March 31, 2005
1998A	3,216	410,905	414,121	March 31, 2003
2000A	884	1,033,705	1,034,589	March 31, 2005
	<u>136,416</u>	<u>1,862,822</u>	<u>1,999,238</u>	
Drinking Water Fund				
1998A	1,056	134,930	135,986	March 31, 2003
2000A	155	180,990	181,145	March 31, 2005
	<u>1,211</u>	<u>315,920</u>	<u>317,131</u>	
Total	<u>\$ 137,627</u>	<u>\$2,178,742</u>	<u>\$2,316,369</u>	

NOTE 7 - BONDS PAYABLE

During the year ended June 30, 2002, the State Revolving Fund Programs issued Series 2001A Bonds for the aggregate amount of \$400,000,000. Of the \$400,000,000, \$320,104,000 was allocated to the WSRF Program and the remaining \$79,896,000 was allocated to the Drinking Water Program based upon the percentage of original bond proceeds allocated to each program. The Series 2001A Guarantee Revenue Bonds dated October 24, 2001 mature from August 1, 2003 to February 1, 2023 at interest rates from 3.5% to 5.5%.

During the year ended June 30, 2001, the State Revolving Fund Program issued Series 2000B Bonds for the aggregate amount of \$100,000,000. Of the \$100,000,000, \$69,951,272 was allocated to the WSRF Program and the remaining \$30,048,728 was allocated to the Drinking Water Program based upon the percentage of the original bond proceeds allocated to each program. The Series 2000B Bonds dated January 9, 2001 mature from August 1, 2019 to August 1, 2023 at interest rates from 5.00% to 5.35%.

Also, during the year ended June 30, 2001, the DWSRF issued Series 2000 Subordinate Issue Bonds for \$5,640,000 to provide state matching funds for the DWSRF. The Series 2000SI Bonds dated December 15, 2000 were subject to mandatory redemption on January 1, 2002, and bore interest at 6%. These bonds were refinanced by the issuance of the Series 2001A Bonds.

The Series 2000A Bonds dated April 25, 2000 mature serially through August 1, 2022 at interest rates from 4.75% to 5.875%.

The Series 1999 Subordinate Issue Bonds dated September 30, 1999 were subject to mandatory redemption on January 1, 2002 and bore interest at 5%. These bonds were refinanced by the issuance of the Series 2001A bonds.

The Series 1998A Bonds dated September 1, 1998 mature serially through February 1, 2020 at interest rates from 4.00% to 5.00%.

NOTE 7 - BONDS PAYABLE (CONTINUED)

The Series 1997A Bonds dated September 1, 1997 mature serially through February 1, 2019 at interest rates from 4.50% to 6.00%.

The Series 1995A Bonds dated January 1, 1995 mature serially through February 1, 2017 at interest rates from 5.6% to 7.00%.

The Series 1994A Bonds dated March 1, 1994 mature serially through February 1, 2016 at interest rates from 4.70% to 6.00%.

The Series 1993A Bonds dated January 1, 1993 mature serially through February 1, 2015, at interest rates from 4.60% to 6.25%.

The aggregate debt service requirements for all bonds allocable to the WSRF as of June 30, 2001, are as follows:

	<u>Principal</u>			<u>Interest</u>			<u>Debt Service Total</u>
	<u>Wastewater Fund</u>	<u>Drinking Water Fund</u>	<u>Total</u>	<u>Wastewater Fund</u>	<u>Drinking Water Fund</u>	<u>Total</u>	
2003	\$ 16,907,228	\$ 1,222,772	\$ 18,130,000	\$ 50,322,071	\$ 8,798,235	\$ 59,120,306	\$ 77,250,306
2004	18,839,588	1,425,412	20,265,000	45,835,845	7,848,122	53,683,967	73,948,967
2005	21,628,676	1,951,324	23,580,000	44,825,889	7,784,012	52,609,901	76,189,901
2006	25,371,380	2,693,620	28,065,000	43,619,429	7,689,233	51,308,662	79,373,662
2007	27,768,299	3,026,701	30,795,000	42,160,772	7,556,487	49,717,259	80,512,259
2008-2012	185,052,236	22,002,764	207,055,000	184,006,769	35,015,984	219,022,753	426,077,753
2013-2017	260,434,879	38,130,121	298,565,000	121,858,344	27,517,475	149,375,819	447,940,819
2018-2022	238,096,639	66,048,361	304,145,000	46,644,529	13,576,672	60,221,201	364,366,201
2023-2027	<u>64,461,863</u>	<u>16,133,137</u>	<u>80,595,000</u>	<u>2,093,735</u>	<u>777,928</u>	<u>2,871,663</u>	<u>83,466,663</u>
Total	<u>\$858,560,788</u>	<u>\$152,634,212</u>	<u>\$1,011,195,000</u>	<u>\$581,367,383</u>	<u>\$116,564,148</u>	<u>\$697,931,531</u>	<u>\$1,709,126,531</u>

The following is a summary of total debt service:

	<u>Interest Rates Ranges</u>	<u>Maturity Range</u>	<u>Annual Payment Range</u>	<u>Amount</u>
Wastewater Fund	3.500%-7.000%	2015-2023	15,823,914 - 80,011,965	\$1,439,939,400
Drinking Water Fund	3.500%-5.875%	2020-2023	6,797,836 - 17,372,528	<u>269,187,131</u>
Combined State Revolving Fund	3.500%-7.000%	2015-2023	22,621,750 - 96,874,199	<u>\$1,709,126,531</u>

NOTE 7 - BONDS PAYABLE (CONTINUED)

During the years ended June 30, 2002 and 2001, the following changes occurred in bonds payable:

	Balance June 30, 2000	Additions	Repayments	Balance June 30, 2001	Additions	Repayments	Balance June 30, 2002
1993A Wastewater State Revolving Fund Program Bonds							
Guarantee Revenue Bonds	\$ 72,160,000		\$ 3,105,000	\$ 69,055,000		\$ 3,275,000	\$ 65,780,000
State Match Revenue Bonds	<u>12,235,000</u>		<u>525,000</u>	<u>11,710,000</u>		<u>555,000</u>	<u>11,155,000</u>
	<u>84,395,000</u>		<u>3,630,000</u>	<u>80,765,000</u>		<u>3,830,000</u>	<u>76,935,000</u>
1994A Wastewater State Revolving Fund Program Bonds							
Guarantee Revenue Bonds	41,225,000		1,655,000	39,570,000		1,745,000	37,825,000
State Match Revenue Bonds	<u>12,855,000</u>		<u>515,000</u>	<u>12,340,000</u>		<u>545,000</u>	<u>11,795,000</u>
	<u>54,080,000</u>		<u>2,170,000</u>	<u>51,910,000</u>		<u>2,290,000</u>	<u>49,620,000</u>
1995A Wastewater State Revolving Fund Program Bonds							
Guarantee Revenue Bonds	68,855,000		2,335,000	66,520,000		2,790,000	63,730,000
State Match Revenue Bonds	<u>8,965,000</u>		<u>600,000</u>	<u>8,365,000</u>		<u>320,000</u>	<u>8,045,000</u>
	<u>77,820,000</u>		<u>2,935,000</u>	<u>74,885,000</u>		<u>3,110,000</u>	<u>71,775,000</u>
1997A Wastewater State Revolving Fund Program Bonds							
Guarantee Revenue Bonds	69,510,000			69,510,000		740,000	68,770,000
State Match Revenue Bonds	<u>15,490,000</u>			<u>15,490,000</u>		<u>560,000</u>	<u>14,930,000</u>
	<u>85,000,000</u>			<u>85,000,000</u>		<u>1,300,000</u>	<u>83,700,000</u>
1998A State Revolving Fund Program Bonds-Wastewater Program							
Guarantee Rev Allocation	66,604,174		1,036,109	65,568,065		1,184,099	64,383,966
State Match Rev Allocation	<u>1,146,360</u>		<u>17,811</u>	<u>1,128,549</u>		<u>20,381</u>	<u>1,108,168</u>
	<u>67,750,534</u>		<u>1,053,920</u>	<u>66,696,614</u>		<u>1,204,480</u>	<u>65,492,134</u>
2000A State Revolving Fund Program Bonds - Wastewater Program							
Guarantee Rev Allocation	94,947,451			94,947,451		942,267	94,005,184
State Match Rev Allocation	<u>27,257,690</u>			<u>27,257,690</u>		<u>278,220</u>	<u>26,979,470</u>
	<u>122,205,141</u>			<u>122,205,141</u>		<u>1,220,487</u>	<u>120,984,654</u>

NOTE 7 - BONDS PAYABLE (CONTINUED)

	Balance June 30, 2000	Additions	Repayments	Balance June 30, 2001	Additions	Repayments	Balance June 30, 2002
2000B State Revolving Fund Program Bonds - Wastewater Program							
Guarantee Revenue Allocation	\$ 61,970,868			\$ 61,970,868			\$ 61,970,868
State Match Revenue Allocation	<u>7,980,404</u>			<u>7,980,404</u>		\$ 1,272	<u>7,979,132</u>
	<u>69,951,272</u>			<u>69,951,272</u>		<u>1,272</u>	<u>69,950,000</u>
2001A State Revolving Fund Program Bonds - Wastewater Program							
Guarantee Revenue Allocation				\$307,452,000			307,452,000
State Match Revenue Allocation				<u>12,652,000</u>			<u>12,652,000</u>
				<u>320,104,000</u>			<u>320,104,000</u>
Subtotal-Wastewater	<u>\$491,250,675</u>	<u>69,951,272</u>	<u>\$ 9,788,920</u>	<u>551,413,027</u>	<u>320,104,000</u>	<u>12,956,239</u>	<u>858,560,788</u>
1998A State Revolving Fund Program Bonds - Drinking Water Program							
Guarantee Revenue Allocation	22,249,466		346,080	21,903,386		395,520	21,507,866
1999 Subordinate Issue Bonds - Drinking Water Program							
State Match	7,000,000			7,000,000		7,000,000	
2000A State Revolving Fund Program Bonds - Drinking Water Program							
Guarantee Revenue Allocation	21,384,859			21,384,859		204,513	21,180,346
2000 Subordinate Issue Bonds - Drinking Water Program							
State Match		5,640,000		5,640,000		5,640,000	
2000B State Revolving Fund Program Bonds - Drinking Water Program							
Guarantee Revenue Allocation		30,048,728		30,048,728	1,272		30,050,000
2001A State Revolving Fund Program Bonds - Drinking Water Program							
Guarantee Rev Allocation					64,216,000		64,216,000
State Match Rev Allocation					<u>15,680,000</u>		<u>15,680,000</u>
Subtotal-Drinking Water	<u>50,634,325</u>	<u>35,688,728</u>	<u>346,080</u>	<u>85,976,973</u>	<u>79,897,272</u>	<u>13,240,033</u>	<u>152,634,212</u>

NOTE 7 - BONDS PAYABLE (CONTINUED)

	Balance June 30, 2000	Additions	Repayments	Balance June 30, 2001	Additions	Repayments	Balance June 30, 2002
Total before Net Premium (Discount)	\$541,885,000	\$105,640,000	\$10,135,000	\$637,390,000	\$400,001,272	\$26,196,272	\$1,011,195,000
Net premium (discount) on bonds payable				<u>(4,185,528)</u>			<u>15,729,862</u>
Total Bonds Payable				633,204,472			1,026,924,862
Less: Current portion				26,195,000			18,130,000
Inter-program Loans				<u>(12,640,000)</u>			
Long-Term Portion				<u>\$594,369,472</u>			<u>\$1,008,794,862</u>

NOTE 8 - LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2002 and 2001 was as follows:

	Balance June 30, 2000	Increases	Decreases	Balance June 30, 2001	Amounts Due Within One Year	Amounts Due Thereafter
Amount due federal government	\$ 301,553	\$ 1,751,092		\$ 2,052,645	\$ 433,681	\$ 1,618,964
Revenue bonds payable	541,885,000	105,640,000	\$10,135,000	637,390,000	38,835,000	598,555,000
Net discount on bonds payable	<u>(2,219,908)</u>	<u>339,626</u>	<u>2,305,246</u>	<u>(4,185,528)</u>		<u>(4,185,528)</u>
	<u>\$539,966,645</u>	<u>\$107,720,718</u>	<u>\$12,440,246</u>	<u>\$ 635,257,117</u>	<u>\$29,268,681</u>	<u>\$ 595,988,426</u>
	Balance June 30, 2001	Increases	Decreases	Balance June 30, 2002	Amounts Due Within One Year	Amounts Due Thereafter
Amount due federal government	\$ 2,052,645	\$ 697,405	\$ 433,681	\$ 2,316,369	\$ 550,107	\$ 1,766,262
Revenue bonds payable	637,390,000	400,001,272	26,196,272	1,011,195,000	18,130,000	993,065,000
Net premium on bonds payable	<u>(4,185,528)</u>	<u>20,547,835</u>	<u>632,445</u>	<u>15,729,862</u>		<u>15,729,862</u>
	<u>\$635,257,117</u>	<u>\$421,246,512</u>	<u>\$27,262,398</u>	<u>\$1,029,241,231</u>	<u>\$18,680,107</u>	<u>\$1,010,561,124</u>

NOTE 9 - RELATED PARTY TRANSACTIONS

Consistent with its Intended Use Plans and EPA's related Policy Statement, the State is required to report on transfers between the Drinking Water SRF and the Wastewater SRF in its Financial Statements. In its Intended Use Plans, the State retained the flexibility to make transfers of grants (and other funds) held in or allocable to such funds to the extent permitted by the Clean Water Act and the Safe Drinking Water Act. As of June 30, 2002, up to 33% of the amount of each Safe Drinking Water Act grant for FFY's 1997 through 2002 could be so transferred on a net cumulative basis. Based on the State's award of Safe Drinking Water Act related funds for FFY 1997 through 2002, to date, the following transfers were made from the Restricted Subaccount of the Wastewater Equity Account held under the Wastewater Indenture (which represents Federal grants previously converted to cash and deposited in that account) to Drinking Water Trustee deposit in the Restricted Subaccount of the Drinking Water Equity Account held under the Drinking Water Indenture:

2001	\$20,464,898
2002	3,270,417

NOTE 10 - OTHER INCOME

Other income consists of the portion of EPA capitalization grants converted to cash and deposited in the Wastewater Equity Account based on incurred administrative expenses claimed.

NOTE 11 - CHANGE IN ACCOUNTING PRINCIPLE

As part of adopting Governmental Accounting Standard Board (GASB) Statement No. 34, the Programs' net assets as of June 30, 2000 were required to be adjusted. Below is a summary of the adjustments:

Net assets at June 30, 2000	\$312,106,628
Prior period adjustments for adoption of GASB Statement No. 34:	
Changes in accounting principle:	
Accrual of interest receivable on loans to qualified entities	4,800,732
Accrual of deferred charges, premiums, and discounts on bonds payable	<u>8,003,600</u>
Net Assets at June 30, 2000, as restated	<u>\$324,910,960</u>

The net effect of the accounting change on current period activities was an increase in net assets of approximately \$1.096 million in 2001 and \$.164 million in 2002.

KATZ, SAPPER & MILLER, LLP

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

*Independent Auditors' Report
on Additional Information*

State of Indiana
State Revolving Fund Programs

Our report on our audits of the basic combined financial statements of the State Revolving Fund Programs for the years ended June 30, 2002 and 2001 appears on page 1. Those audits were made for the purpose of forming an opinion on the basic combined financial statements taken as a whole. The accompanying combining information is presented for purposes of additional analysis of the basic combined financial statements rather than to present the financial position and results of operations of the individual programs. They are not a required part of the basic combined financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic combined financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic combined financial statements taken as a whole.

Katz, Sapper & Miller, LLP

KATZ, SAPPER & MILLER, LLP
Certified Public Accountants

Indianapolis, Indiana
October 2, 2002

STATE REVOLVING FUND PROGRAMS
(COMPONENT UNITS OF THE STATE OF INDIANA)

COMBINING SCHEDULE-STATEMENTS OF NET ASSETS INFORMATION
June 30, 2002 and 2001

	Wastewater Program		Drinking Water Program		Eliminations	Total	
	2002	2001	2002	2001		2002	2001
ASSETS							
Current Assets:							
Cash and equivalents	\$ 112,575,485	\$ 58,171,821	\$ 19,199,754	\$ 15,746,995		131,775,239	73,918,816
Interest receivable-investments	13,067,915	12,277,738	1,908,892	1,818,841		14,976,807	14,096,579
Interest receivable-loans	6,502,613	4,584,669	612,571	216,063		7,115,184	4,800,732
Loans receivable	22,990,781	19,279,393	4,055,771	2,993,919		27,046,552	22,273,312
Advance to Drinking Water	-	12,640,000	-	-	\$ (12,640,000)	-	-
Total Current Assets	<u>155,136,794</u>	<u>106,953,621</u>	<u>25,776,988</u>	<u>20,775,818</u>	<u>(12,640,000)</u>	<u>180,913,782</u>	<u>115,089,439</u>
Noncurrent Assets:							
Investments	693,297,188	462,576,206	124,648,337	83,840,926		817,945,525	546,417,132
Loans receivable	522,683,594	390,085,733	98,276,292	52,948,645		620,959,886	443,034,378
Deferred charges, net	9,213,515	7,455,260	1,318,785	764,921		10,532,300	8,220,181
Total Noncurrent Assets	<u>1,225,194,297</u>	<u>860,117,199</u>	<u>224,243,414</u>	<u>137,554,492</u>		<u>1,449,437,711</u>	<u>997,671,691</u>
Total Assets	<u>1,380,331,091</u>	<u>967,070,820</u>	<u>250,020,402</u>	<u>158,330,310</u>		<u>1,630,351,493</u>	<u>1,112,761,130</u>
LIABILITIES							
Current Liabilities:							
Interest payable	22,960,977	13,267,969	4,170,756	2,088,998		27,131,733	15,356,967
Accounts payable	191,013	417,172	10,615	60,169		201,628	477,341
Due to Wastewater				12,640,000	(12,640,000)		-
Amount due federal government-current	414,121	433,681	135,986			550,107	433,681
Bonds payable-current	<u>16,907,228</u>	<u>12,947,255</u>	<u>1,222,772</u>	<u>13,247,745</u>	<u>-</u>	<u>18,130,000</u>	<u>26,195,000</u>
Total Current Liabilities	<u>40,473,339</u>	<u>27,066,077</u>	<u>5,540,129</u>	<u>28,036,912</u>	<u>(12,640,000)</u>	<u>46,013,468</u>	<u>42,462,989</u>
Noncurrent Liabilities:							
Amount due federal government	1,585,117	1,408,108	181,145	210,856		1,766,262	1,618,964
Bonds payable	<u>853,988,556</u>	<u>534,843,872</u>	<u>154,806,306</u>	<u>59,525,600</u>		<u>1,008,794,862</u>	<u>594,369,472</u>
Total Noncurrent Liabilities	<u>855,573,673</u>	<u>536,251,980</u>	<u>154,987,451</u>	<u>59,736,456</u>		<u>1,010,561,124</u>	<u>595,988,436</u>
Total Liabilities	<u>896,047,012</u>	<u>563,318,057</u>	<u>160,527,580</u>	<u>87,773,368</u>		<u>1,056,574,592</u>	<u>638,451,425</u>
NET ASSETS							
Restricted for water pollution and drinking water projects and other program purposes	<u>\$ 484,284,079</u>	<u>\$ 403,752,763</u>	<u>\$ 89,492,822</u>	<u>\$ 70,556,942</u>	<u>\$ -</u>	<u>\$ 573,776,901</u>	<u>\$ 474,309,705</u>

STATE REVOLVING FUND PROGRAMS
(COMPONENT UNITS OF THE STATE OF INDIANA)

COMBINING SCHEDULE-STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS INFORMATION
Years Ended June 30, 2002 and 2001

	Wastewater Program		Drinking Water Program		Total	
	2002	2001	2002	2001	2002	2001
OPERATING REVENUE						
Interest income-investments	\$ 34,185,726	\$ 27,619,960	\$ 4,984,924	\$ 3,980,425	\$ 39,170,650	\$ 31,600,385
Interest income-qualified entities	14,850,859	9,804,401	1,250,064	307,337	16,100,923	10,111,738
Other	1,582,235	320,644	635,836	266,004	2,218,071	586,648
	<u>50,618,820</u>	<u>37,745,005</u>	<u>6,870,824</u>	<u>4,553,766</u>	<u>57,489,644</u>	<u>42,298,771</u>
OPERATING EXPENSES						
Interest	41,235,997	28,431,856	6,467,889	3,416,897	47,703,886	31,848,753
Amortization of deferred charges	696,698	536,522	58,695	42,037	755,393	578,559
Administrative-IDEM	660,644	325,524			660,644	325,524
Trustee fees	609,145	243,163	50,827	21,873	659,972	265,036
Other operating expenses	501,554	557,449	67,981	50,000	569,535	607,449
Total Operating Expenses	<u>43,704,038</u>	<u>30,094,514</u>	<u>6,645,392</u>	<u>3,530,807</u>	<u>50,349,430</u>	<u>33,625,321</u>
OPERATING INCOME	<u>6,914,782</u>	<u>7,650,491</u>	<u>225,432</u>	<u>1,022,959</u>	<u>7,140,214</u>	<u>8,673,450</u>
TRANSFERS	(3,270,417)	(20,464,898)	3,270,417	20,464,898	-	-
CAPITAL CONTRIBUTIONS	<u>76,886,951</u>	<u>106,501,622</u>	<u>15,440,031</u>	<u>34,223,673</u>	<u>92,326,982</u>	<u>140,725,295</u>
INCREASE IN NET ASSETS	80,531,316	93,687,215	18,935,880	55,711,530	99,467,196	149,398,745
NET ASSETS						
Beginning of Year-Restated	<u>403,752,763</u>	<u>310,065,548</u>	<u>70,556,942</u>	<u>14,845,412</u>	<u>474,309,705</u>	<u>324,910,960</u>
End of Year	<u>\$ 484,284,079</u>	<u>\$ 403,752,763</u>	<u>\$ 89,492,822</u>	<u>\$ 70,556,942</u>	<u>\$ 573,776,901</u>	<u>\$ 474,309,705</u>

STATE REVOLVING FUND PROGRAMS
(COMPONENT UNITS OF THE STATE OF INDIANA)
COMBINING SCHEDULE-STATEMENTS OF CASH FLOWS INFORMATION
Years Ended June 31, 2002 and 2001

	Wastewater Program		Drinking Water Program		Total	
	2002	2001	2002	2001	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash payments for salaries, administrative and other expenses	(1,997,502)	\$ (1,361,162)	\$ (168,362)	\$ (41,441)	\$ (2,165,864)	\$ (1,402,603)
Other operating income	1,582,235	320,644	635,836	266,004	2,218,071	586,648
Net Cash Provided (Used) by Operating Activities	(415,267)	(1,040,518)	467,474	224,563	52,207	(815,955)
CASH FLOWS FROM INVESTING ACTIVITIES						
Maturities of loans to qualified entities	19,279,393	21,207,345	2,993,919	1,043,722	22,273,312	22,251,067
Issuance of loans to qualified entities	(155,588,641)	(136,201,435)	(49,383,417)	(42,490,859)	(204,972,058)	(178,692,294)
(Increase) in investments	(230,720,982)	(20,486,859)	(40,807,411)	(43,782,918)	(271,528,393)	(64,269,777)
Interest received on loans and investments	46,328,464	35,602,954	5,748,429	3,529,626	52,076,893	39,132,580
Net Cash (Used) by Investing Activities	(320,701,766)	(99,877,995)	(81,448,480)	(81,700,429)	(402,150,246)	(181,578,424)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES						
Proceeds from debt issuance	336,060,896	69,950,000	83,863,478	29,486,372	419,924,374	99,436,372
Principal payments to reduce indebtedness	(12,956,239)	(9,787,648)	(607,745)	(347,352)	(13,563,984)	(10,135,000)
Payment of bond issue costs	(1,758,255)	(2,906,900)	(553,864)	(356,994)	(2,312,119)	(3,263,894)
Transfers	(3,270,417)	(20,464,898)	3,270,417	20,464,898	-	-
Change in amount due federal government	157,448	1,577,899	106,275	173,793	263,723	1,751,692
Advance-Drinking Water	12,640,000	(5,640,000)	(12,640,000)	5,640,000	-	-
Interest paid on bonds and note payable	(32,239,687)	(25,655,565)	(4,444,827)	(2,282,108)	(36,684,514)	(27,937,673)
Net Cash Provided by Non-Capital Financing Activities	298,633,746	7,072,888	68,993,734	52,778,609	367,627,480	59,851,497
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES						
Capital Contributions	76,886,951	106,501,622	15,440,031	34,223,673	92,326,982	140,725,295
Net Cash Provided by Capital Financing Activities	76,886,951	106,501,622	15,440,031	34,223,673	92,326,982	140,725,295
NET INCREASE IN CASH AND EQUIVALENTS	54,403,664	12,655,997	3,452,759	5,526,416	57,856,423	18,182,413
CASH AND EQUIVALENTS						
Beginning of Year	58,171,821	45,515,824	15,746,995	10,220,579	73,918,816	55,736,403
End of Year	\$ 112,575,485	\$ 58,171,821	\$ 19,199,754	\$ 15,746,995	\$ 131,775,239	\$ 73,918,816
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating income	\$ 6,914,782	\$ 7,650,491	\$ 225,432	\$ 1,022,959	\$ 7,140,214	\$ 8,673,450
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Interest income	(49,036,585)	(37,424,361)	(6,234,988)	(4,287,762)	(55,271,573)	(41,712,123)
Interest expense	41,235,997	28,431,856	6,467,889	3,416,897	47,703,886	31,848,753
Amortization of deferred charges	696,698	536,522	58,695	42,037	755,393	578,559
Changes in assets and liabilities:						
Accounts payable	(226,159)	(235,026)	(49,554)	30,432	(275,713)	(204,594)
Net Cash Provided (Used) by Operating Activities	\$ (415,267)	\$ (1,040,518)	\$ 467,474	\$ 224,563	\$ 52,207	\$ (815,955)